

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	HCS SB 131(FIN)
Fiscal Note Number:	5
(H) Publish Date:	5/16/2022

Identifier: HCSSB131(L&C)-DOA-DRM-5-13-22
Title: WORKERS' COMP DISABILITY FOR
FIREFIGHTERS
Sponsor: HOLLAND
Requester: (H) FIN

Department: Department of Administration
Appropriation: Risk Management
Allocation: Risk Management
OMB Component Number: 71

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services							
Travel							
Services	224.5		449.0	449.0	449.0	449.0	449.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	224.5	0.0	449.0	449.0	449.0	449.0	449.0

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	224.5		449.0	449.0	449.0	449.0	449.0
Total	224.5	0.0	449.0	449.0	449.0	449.0	449.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? Yes
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Fiscal note changed due to an ammendment passing House Finance on 5-13-2022 adding Sections 3, 4, and 5 which has changed the projected costs of the bill.

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Date: 05/13/2022

Date: 05/13/2022

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

Analysis

This proposed legislation would cause a financial impact to the Division of Risk Management (RM).

RM currently does not have any claims submitted or denied for any state firefighters relating to the cancers outlined in this bill. All of these are chronic diseases that often have genetic and lifestyle choices as their cause. It is currently up to the employer to demonstrate if a claim is work related. Claims for these cancers are currently covered by workers' compensation if they are indeed work related. The addition of these cancers as a strict presumption creates the potential for claims to be covered even if they are not work related.

Should the additional cancers be added to the presumptive cancers for firefighters', costs will increase. In addition, this bill would increase Death compensation costs as a continued benefit for dependents of firefighters should they become deceased due to the additional presumptive cancers.

Average Cost to Treat:

Skin Cancer \$1,732 - \$56,059 (nih.gov)

Breast Cancer \$20,000 - \$100,000 (webmd.com)

Cervical Cancer \$79,000 - \$118,000 (cdc.gov)

Testicular Cancer \$7,686 - \$51,592 (nih.gov)

Mesothelioma \$11,000/Mo. \$30,000 - \$62,408 ea. Hospital Visit (mesothelioma.net)

Multiple Myeloma \$74,000 - \$256,000 (webmd.com)

Colon Cancer \$40,000 - \$80,000 (verywellhealth.com)

Thyroid Cancer \$20,000 - \$40,000 (costhelper.com)

RM's budget authority is based on inter-agency billing to other departments. The additional cost enabled by this legislation will result in increased RM charges to other agencies. The Division does not have sufficient data on State of Alaska firefighters to support or calculate the financial impact of cancers on firefighters. This indeterminate and unknown amount of this portion of the bill regarding cancer coverage will need to be requested and funded as a FY23 supplemental, and will also require a requested increment in the FY24 budget at the time there is a better sense of the annual costs.

Amendments under HCS SB 131 has increased the current fiscal estimate.

Currently under the Alaska Worker's Compensation Act, AS 23.30.190 (a), the whole body rating is \$177,000. this bill would increase this rating by 54.24% to \$273,000. RM's ten year average (FY2012-2021) of whole body Permanent Partial Impairment (PPI) rating payouts to injured employees is \$854,653 per year. The 54.24% would increase the average annual payout by \$423,254. Based on the \$423,254, we anticipate additional payout in second injury fund fees of \$25,395.

The potential cost increase for this bill as noted would impact the costs for workers compensation as charged out to our customer agencies via the annual cost allocation method.

The current fiscal estimate of this note only covers the costs of these amendments. Additional funding will still be required for the cancer coverage portion of the bill.